UNITED NATIONS DEVELOPMENT PROGRAMME

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Agenda item 6

Country and intercountry programmes and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF

BHUTAN

Note by the Administrator

Programme period
1981-1985

IPF for 1977-1981
$12.25 million

Illustrative IPF for 1982-1986
$36.5 million

I. Nature of the Programming Exercise

1. The preparation of the third Country Programme has been carried out over a period of approximately twelve months, virtually concurrently with the preparation of the Government's Fifth Five Year Plan to which, in terms of time frame and duration, it essentially corresponds. The programming exercise has been conducted in the closest co-operation between the Government and the UNDP field office, established in mid-1979. A standing committee, including representatives of the Planning Commission and the Ministry of Foreign Affairs, was established and discussions were initiated in early

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1980 with the UNDP office to determine the overall framework of the third Country Programme.

2. Subsequently, the technical departments responsible for sectors in which the Government sought the co-operation of the United Nations system were brought into the discussions, to review in depth the justification for their requests. Existing projects as well as new proposals were subjected to the same close scrutiny as the Government's own programmes were for inclusion in the Five Year Plan.

3. In keeping with the Government's desire to use the Country Programme as a frame of reference for the utilization of all United Nations system assistance, available information was gathered from funding organizations and proposals for co-operation were identified by the Government as an integral part of the programming exercise. This process, extended where possible to joint programming, will be facilitated by the Government's preference for continuous programming. Annual reviews will be used to ensure integration into the overall Programme of the new activities approved as resources become available. Similarly, whereas the Specialized Agencies have been kept informed of the progress of the programming exercise but were not requested to contribute directly to it, a series of eight sectoral review missions planned in 1980 and 1981 will be used, within the context of continuous programming, to give concrete form to the proposals included by the Government in the Country Programme. These sectoral missions are also designed to contribute significantly to the more detailed articulation of the Government's own programmes in the Five Year Plan.

II. Relation of the Country Programme to National Development Objectives

4. The duration and time frame of the third Country Programme have been deliberately aligned with those of the Government's Fifth Five Year Development Plan, thereby superseding the last year of the second Country Programme as originally approved. The substantive framework and content of the third Country Programme have also been deliberately aligned with those of the Plan.

5. Human and financial resource shortages constitute two basic and critically acute constraints confronting the Government. Human resources development and income and revenue generation consequently are prime necessities in attaining the country's basic objectives of generating self-sustaining growth and achieving national economic self-reliance, to the maximum extent possible. Activities related to both figure importantly in the Country Programme. Thus, one-third of the total IPF resources programmed have been specifically and directly allocated for human resources development, while planning, pre-investment and investment projects and essential infrastructure and institution-building programmes predominate in the rest of the Programme.

6. The Government specifically seeks the co-operation of the United Nations system in support of the multisectoral dimensions of development, and the allocation of IPF resources has deliberately been wide-ranging in terms of the sectors for which assistance is foreseen. The sectoral distributinn of programmed resources as given below closely parallels the one foreseen in the Development Plan itself, except for some sectors in which the Government wishes to pursue co-operation already well developed with certain bilateral donors. In comparison with previous Country Programmes, there are reduced but still important contributions in the transport, education and health sectors, while industry, infrastructure, energy, agriculture, forestry, and economic and social planning are expected to increase in significance.

TABLE I

Sectoral breakdown of programmed resources

Sector	Continuing projects		New proposals already identified		Manpower training provisions		Sectoral allocations with specific projects to be identified later		Total	
	Value ($000)	Per cent	Value ($000)	per cent	Value ($000)	per cent	Value ($000)	per cent	Value ($000)	per cent
Agriculture	300	7.7	1 030	10.9	824	14.7	1 500	29.4	2 904	11.1
Animal Husbandry	270	6.9	730	7.7	-	-			1 750	6.7
Forestry	1 240	31.8	1 600	17.0	346	6.2	-	-	3 186	12.2
Power	-	-	370	3.9	692	12.3	1 000	19.6	2 062	7.9
Industry and Mining	40	1.0	1 595	16.9	796	14.2	1 000	19.6	3 431	13.1
Trade and Commerce	-	-	20	0.2	144	2.6	300	5.9	464	1.8
Transport	810	20.8	1 130	12.0	418	7.4	-	-	2 358	9.0
Post and Telegraphs	40	1.0	5	0.1	27	0.5	-	-	72	0.3
Tourism	-	-	-	-	448	7.9	1 000	19.6	1 448	5.5
Education and Technical Training	630	16.1	2 400	25.5	122	2.2	-	-	3 152	12.1
Health	230	5.9	230	2.4	898	15.9	-	-	1 358	5.2
Housing and Urban Planning	240	6.2	60	0.6	127	2.3	-	-	427	1.6
Planning and Public Administration	100	2.6	65	0.7	753	13.4	-	-	918	3.5
Press and Information	-	-	200	2.1	21	0.4	-	-	221	0.8
TCDC	-	-	-	-	-	-	300	5.9	300	1.2
Reserve (contingencies)									2 081	8.0
Total programmed	3 900		9 435		5 616		5 100		26 132	100

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III. Contents and Phasing of the Country Programme

7. Within the context of New Dimensions, and recognizing the relatively recent initiation of development efforts in Bhutan as well as its status as a least developed, landlocked country, UNDP assistance is being provided using the full range of modalities available for the effective implementation of projects. Several projects are now managed by national project managers and Government execution is being utilized in two projects. This trend is expected to continue, with appropriate backstopping and advisory services from the Specialized Agencies. Training, including longterm degree courses, will be used to increase Government capabilities. In the meantime the deployment of operational personnel, including expatriates employed by the Government, and UNVs, will be used to fill critical human resource gaps in projects. Local cost financing will also be utilized to overcome similar crucial material resource constraints.

8. These approaches and more careful monitoring and evaluation of projects in the context of continuous programming will help overcome the major deficiency identified in the assessment of UNDP technical co-operation activities in Bhutan, namely the need to improve the management and scheduling of projects to combine more successfully the limited resources of both the Government and UNDP. It is expected that training will utilize about one-third of the funds available from UNDP ($2.4 million for training and institution building projects in Bhutan plus $5.6 million for specific fellowship projects included under the Manpower Training provisions column in Table I), with equipment and personnel absorbing about one-third each as well. This reflects a shift compared to earlier Country Programmes, where on average equipment and personnel absorbed 52 per cent and 33 per cent of resources respectively, and training only 14 per cent.

Table 2

Phasing of the Country Programme

A. Amounts programmed

Year	($000)
1981	4 142
1982	5 075
1983	5 357
1984	5 638
1985	5 920
	26 132

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B. Resources taken into account for programming

IPF resources available:		($000)
(i) Second cycle IPF resources available for 1981		4 142 a/
(ii) Third cycle IPF resources:		
a. Illustrative IPF for 1982-1986	36 500	
b. Minus 20 per cent unprogrammed at present	(7 300)	
c. Minus amount borrowed in second cycle	(1 000)	
d. Minus proportionate amount for 1986	(6 210)	
Subtotal		21 990
Total IPF resources taken into account for programming		26 132

IV. Recommendation of the Administrator

9. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP Country Programme for Bhutan for the duration of its programme period within the limits of its Indicative Planning Figure for 1982-1986, taking into account the balance of over-expenditure or under-expenditure of its 1977-1981 Indicative Planning Figure; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the Country Programme while ensuring, in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev.1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources at any given time.

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a/ This figure represents the balance of the 1977-1981 IPF after adjustment for under-expenditure from the first cycle ($12.37 million), and expected expenditure for the years 1977-1980 ($9.23 million); a further adjustment of $1 million has been made to reflect authorized borrowing from the third cycle.

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